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January 8, 2013

TO: PARTIES OF RECORD

Tucson Electric Power Company - General Rate Case

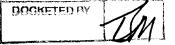
Docket Nos. E-01933A-12-0291

RE: NOTICE OF SETTLEMENT DISCUSSIONS

Arizona Corporation Commission

OCKETED

JAN 0 8 2013



Dear Parties of Record:

Pursuant to the Procedural Schedule issued in the above-captioned docket, Tucson Electric Power Company ("TEP") invites all parties to attend settlement discussions on **Tuesday, January 15, 2013, from 10:00 a.m. to 5:00 p.m.** in the Commissioner Conference Room on the second floor of the Offices of the Arizona Corporation Commission, 1200 West Washington, Phoenix, Arizona 85007. Additional settlement meetings have been set for January 16th and January 17th. Please note that we will not be discussing issues relating to cost of service or rate design before January 16th.

Parties who cannot attend any or all of these meetings in person are encouraged to participate telephonically. If you wish to participate, please contact Mike Patten prior to the meeting and appropriate arrangements will be made.

These settlement discussions shall be confidential subject to Arizona Rule of Evidence 408 and the protective agreements executed with TEP in this docket. If you (or your clients) wish to participate in settlement discussions, whether it be in person or by telephone, but have not yet executed a protective agreement, please contact Mike Patten no later than January 11, 2013.

If you have any questions, please do not hesitate to call me at (520) 884-3679 or Mike Patten at (602) 256-6100.

Sincerely,

Bradley S. Carroll

BSC:mi

Original and 13 copies of the foregoing filed this 8th day of January 2013 with:

Docket Control Arizona Corporation Commission 1200 West Washington Phoenix, Arizona 85007

Copy of the foregoing hand-delivered/emailed this 8th day of January 2013 to:

Chairman Bob Stump Arizona Corporation Commission 1200 West Washington Phoenix, Arizona 85007

Commissioner Gary Pierce Arizona Corporation Commission 1200 West Washington Phoenix, Arizona 85007

Commissioner Brenda Burns Arizona Corporation Commission 1200 West Washington Phoenix, Arizona 85007

Commissioner Bob Burns Arizona Corporation Commission 1200 West Washington Phoenix, Arizona 85007

Commissioner Susan Bitter Smith Arizona Corporation Commission 1200 West Washington Phoenix, Arizona 85007

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By May Spouls